

LOGISTICS DEVELOPMENT AND CAPACITY BUILDING IN XINJIANG UYGUR AUTONOMOUS REGION

- ❖ **ADB TECHNICAL ASSISTANCE**
- ❖ **ENVIRONMENT ANALYSIS**
- ❖ **DIAGNOSIS OF INFRASTRUCTURES**
- ❖ **DEMAND ANALYSIS**
- ❖ **XINJIANG LOGISTIC MAP**
- ❖ **LOGISTIC MANAGEMENT STRATEGY**

ADB TECHNICAL ASSISTANCE: LOGISTIC DEVELOPMENT

ADB TA OBJECTIVES

- ❖ The study is intended to analyze the logistical and transport infrastructure network of Xinjiang to propose an strategy, economic and technically feasible, that allows the continuous improvement of competitiveness, promoting regional economic development balanced and generate the conditions necessary for a solid, stable and sustainable growth in all areas of society.
- ❖ This study will serve the Government of the Autonomous Region of Xinjiang as a guide to the further implementation, providing an idea of investments and resources necessary. To ensure the benefits of the investments.

- ❖ The scope of this TA is the analysis of current environment to design a strategy to develop the logistic industry. The TA will also address the identification of the needs of facilities and equipment, as well as the integration of Xinjiang on the of Chinese and Asiatic logistical map.
- ❖ The Technical Assistance will define:
 - ✓ The logistical strategy current and future
 - ✓ Logistical requirements in the medium and long term
 - ✓ The strategy for the logistic industry

FINAL REPORT STRUCTURE

- ❖ The methodology for the implementation of logistic studies, widely observed in projects undertaken internationally, is articulated in modules interrelated that starting from the detailed analysis of the economic context, political and social development of the state, concludes with the strategic planning of development.

**FINAL
REPORT
STRUCTURE**



Module 1: Introduction

Module 2: Environment Analysis

Module 3: Diagnosis of Infrastructures

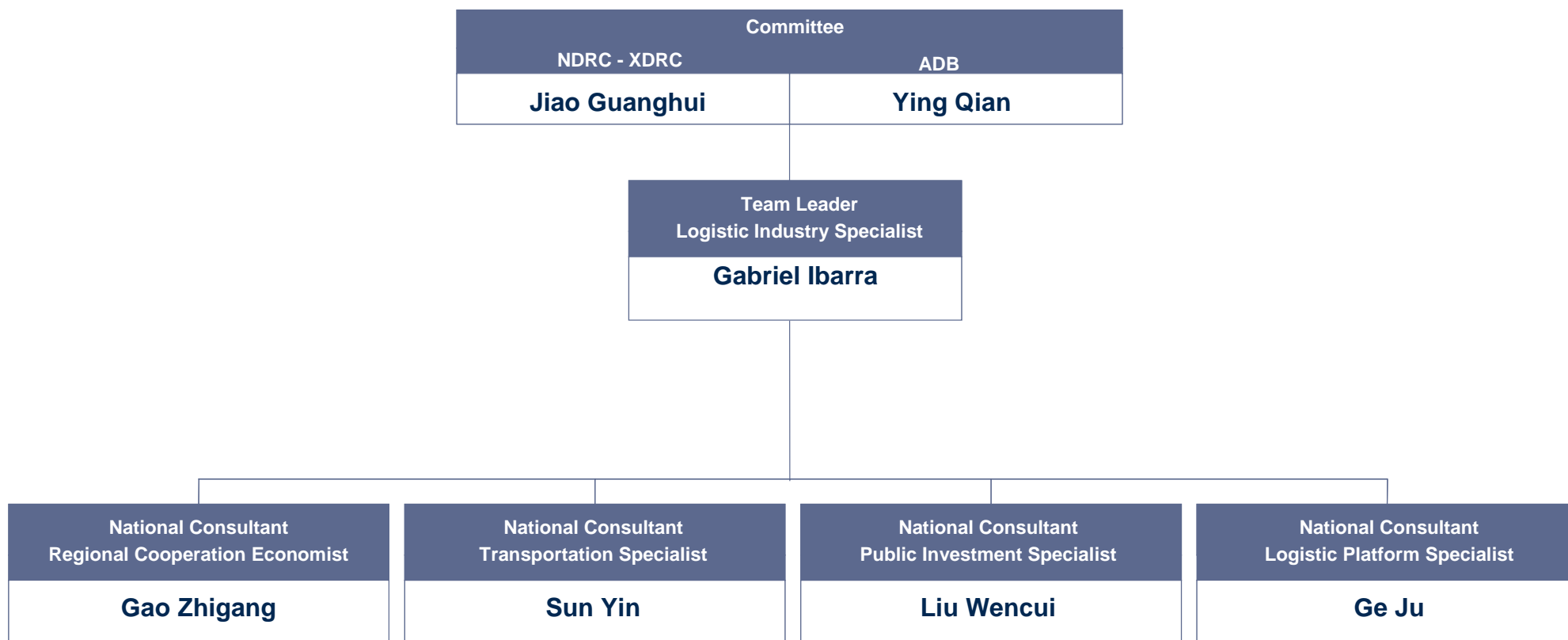
Module 4: Demand Analysis

Module 5: Logistic Strategy

Module 6: Infrastructures Proposals

Module 7: Logistic Management Strategy

TA CONSULTING TEAM



- ❖ **The realization of a logistic TA with the approach proposed can provide strong benefits at local, regional and national, for example:**
 - ✓ **Definition of a regional network of infrastructure, technically and economically feasible, enabling the transport.**
 - ✓ **Optimization the production chains of enterprises, improving the circuitry of supply and output of goods.**
 - ✓ **Reduction of the costs of transportation and storage of goods which will increase the competitiveness of enterprises.**

TA BENEFITS

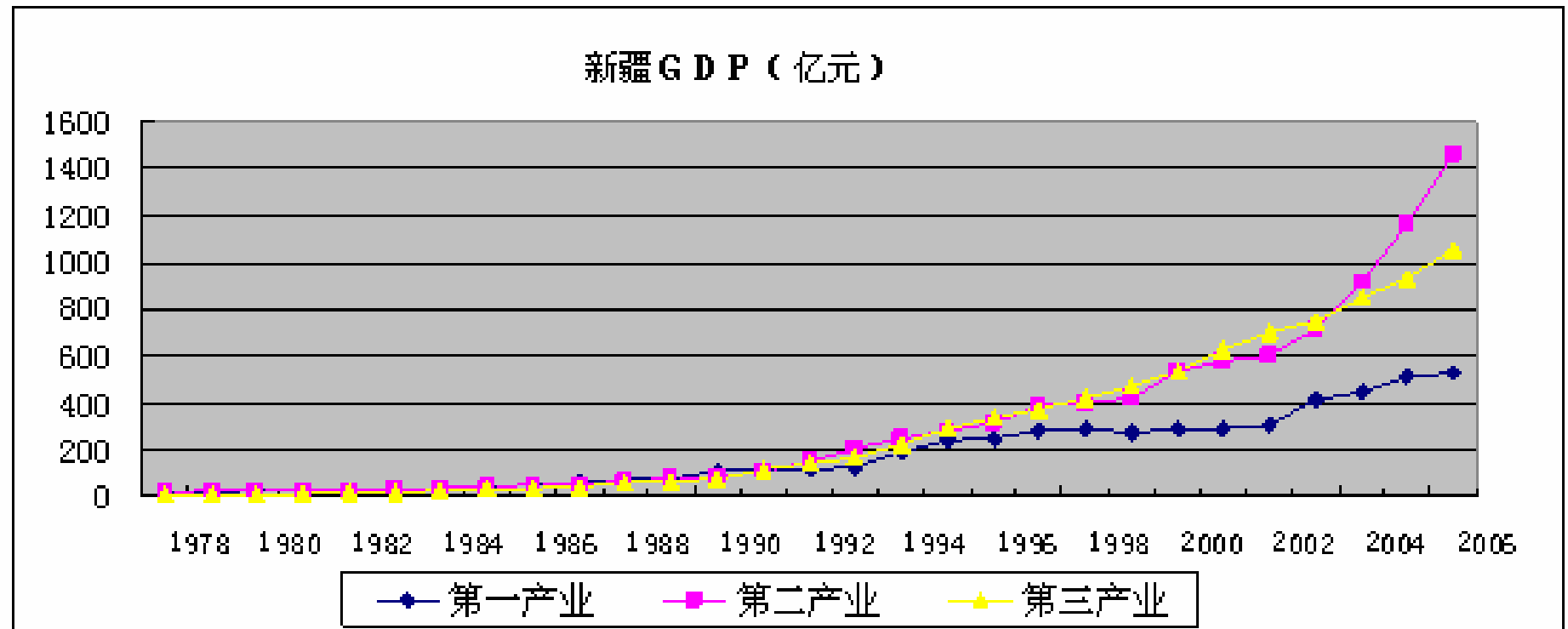
- ✓ Definition the promotion and investment necessary for the priority projects, laying the groundwork for attracting capital needed to improve the economic and social welfare of the population.
- ✓ Improvement of the efficiency of processes and optimize the flows of transport, facilitating the entry of enterprises in new commercial markets.
- ✓ Improvement in the transport and increased the chances of employment in all logistic infrastructure that TA make necessary, improving the quality of life of citizens.

ENVIRONMENT ANALYSIS

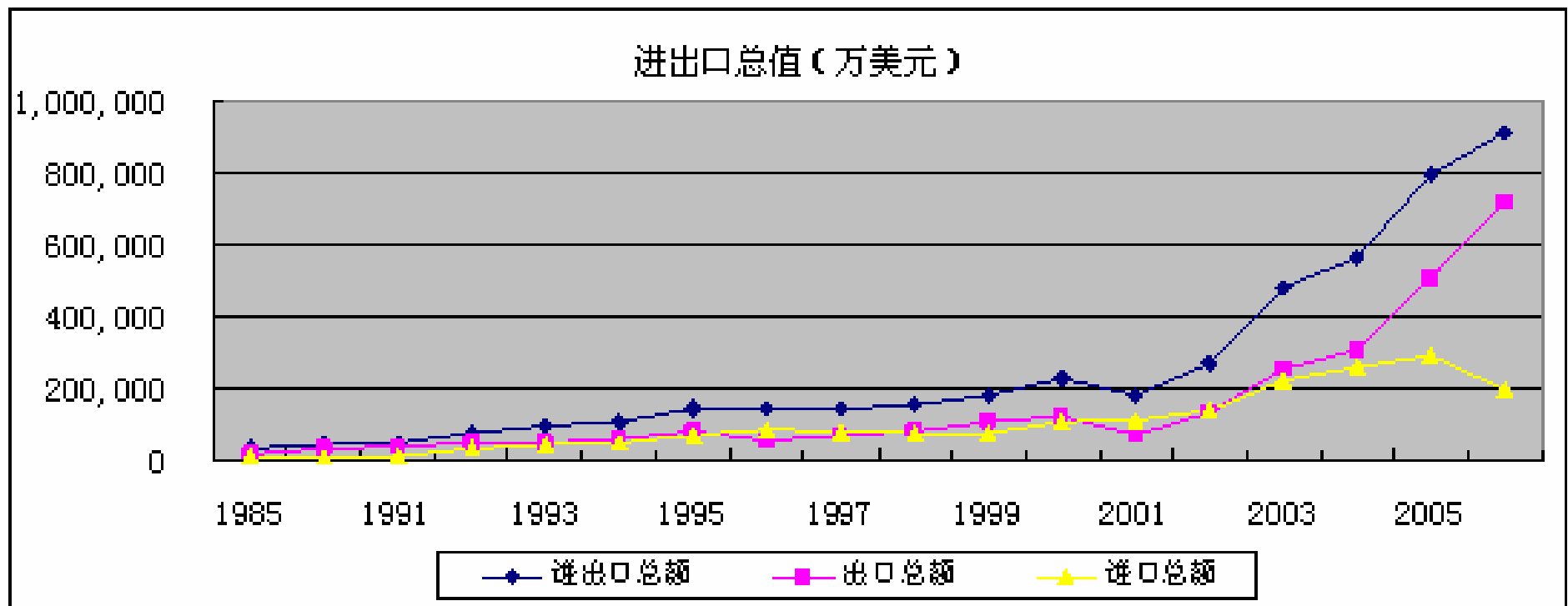
The geographical environment



Xinjiang Economic Development



Xinjiang Foreign Trade Development



Xinjiang Foreign Trade Development

IMPORT AND EXPORT VOLUME			2001	2002	2003	2004	2005	2006
Total Import and Export between China and Central Asia five			1.509,00	2.388,30	4.075,00	5.843,30	8.726,80	12.057,90
Between Xinjiang and Five countries	Central Asia five countries	Total Import and Export	1.016,10	1.553,20	2.848,30	3.868,40	6.013,70	7.399,70
		Proportion of China (%)	67,30	65,00	69,90	66,20	68,90	61,40
	Kazakhstan	Total Import and Export	903,60	1.365,50	2.546,10	3.286,10	5.015,60	5.014,70
		Proportion of Xinjiang (%)	88,90	87,90	89,40	84,90	83,40	67,80
	Turkmenistan	Total Import and Export	1,00	9,90	24,70	3,60	13,60	43,30
		Proportion of Xinjiang (%)	0,10	0,70	0,90	0,10	0,20	0,60
	Kyrgyzstan	Total Import and Export	99,00	153,90	230,90	462,10	746,90	1.857,30
		Proportion of Xinjiang (%)	9,70	9,90	8,10	12,00	12,40	25,10
	Uzbekistan	Total Import and Export	5,60	19,10	37,70	85,80	138,30	266,30
		Proportion of Xinjiang (%)	0,60	1,20	1,30	2,20	2,30	3,60
	Tajikistan	Total Import and Export	7,10	4,80	8,70	30,90	99,30	218,10
		Proportion of Xinjiang (%)	0,70	0,30	0,30	0,80	1,70	2,90

Table 1 - The total import and export volume and shares by China and Xinjiang to Central Asia Five Countries (Unit: USD million). Data source: China Statistical Yearbook 2007, Xinjiang Statistical Yearbook 2001-2007.

DIAGNOSTIC OF INFRASTRUCTURES

DIAGNOSIS OF INFRASTRUCTURES

RAILROAD INFRASTRUCTURES

- Compared with the national level in railway construction, XJ railway network is small-scale, with low density, and can't satisfy the demand.
- Now the trunk railway network has not come into being, with very few passages with the hinterland, lacking flexibility.
- The capacity between the point and line mismatches (the ability in the point is weak, mainly refers to the technical ability of the station, in addition, freight transportation facilities and rolling stocks all have shortage), influence the integral transportation ability of the railroad.
- Empty wagons available are seriously short, the empty wagon quantity can't satisfy the demand of loading, impacting the integral transportation ability of the railroad.
- The proportion of the double track railway is low.
- Rail facility bearing capacity is limited and the transportation speed is not high.
- The category for the transportation products of both travelers and goods is monadic, new variety of passenger trains and freight trains are demanded.
- The technical equipment are all furnished with those for the single track railway except Lanzhou-Xinjiang Railway, the technique standard is not high, transport speed is low, transporting ability is small.

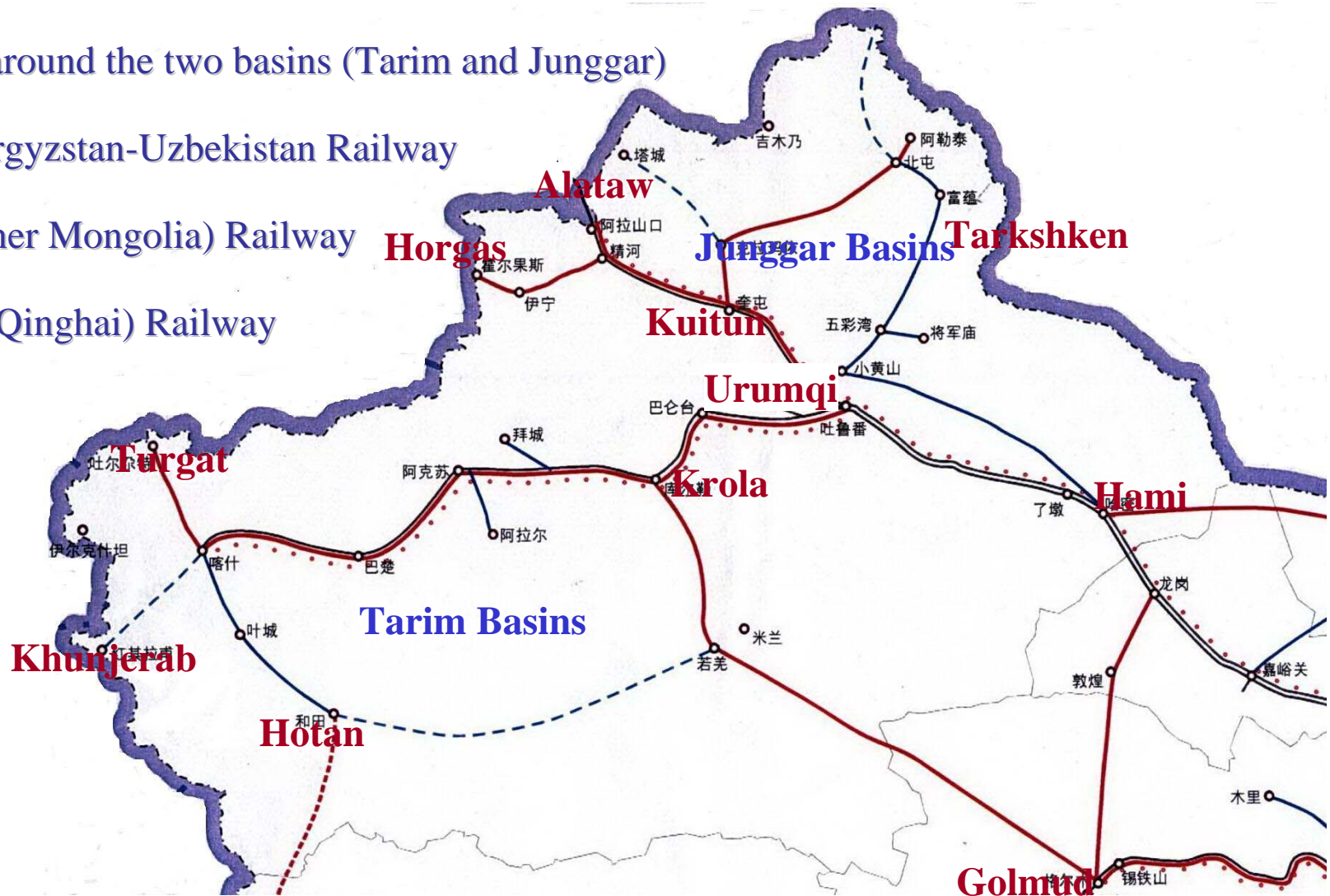
THE RAILROAD CONSTRUCTION PROGRAM

Railway loops around the two basins (Tarim and Junggar)

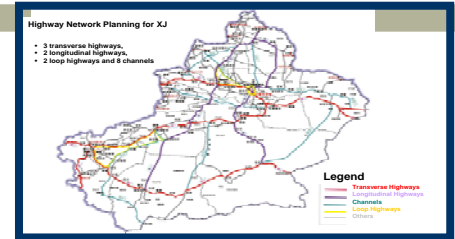
Turgat Port-Kyrgyzstan-Uzbekistan Railway

Hami-Linhe (Inner Mongolia) Railway

Korla-Golmud (Qinghai) Railway



HIGHWAY INFRASTRUCTURES



- The investment in the fixed assets increases, the infrastructural constructions of petroleum, coal, agriculture, industry, water conservancy, power and traffic, etc. increase their demands for highway cargo transport.
- The exploitation of minerals resource has driven the development of the local markets of freight transport (in the regions such as Altay, Changji and Hami etc., the exploration and development of mineral resources such as coal, iron ore, nonferrous metals and granite etc.), making the quantity of goods conveyance vehicles increase rapidly.
- The investment in highways in Xinjiang results in the improvement of transport conditions in the national/provincial trunk highways as well as the highways in the countryside roads.
- The highway availability rate, the rate of good level highway have been increased year by year, speeding up the turnover velocity in Xinjiang highway goods transport.
- After railroad speed is increased greatly, the increase of goods conveyance is obvious, so this phenomenon provides the markets for the transferring services for highway transport.
- The development of exported-oriented economy and the setup of the routes of international highways will help to increase the cross-border transport.

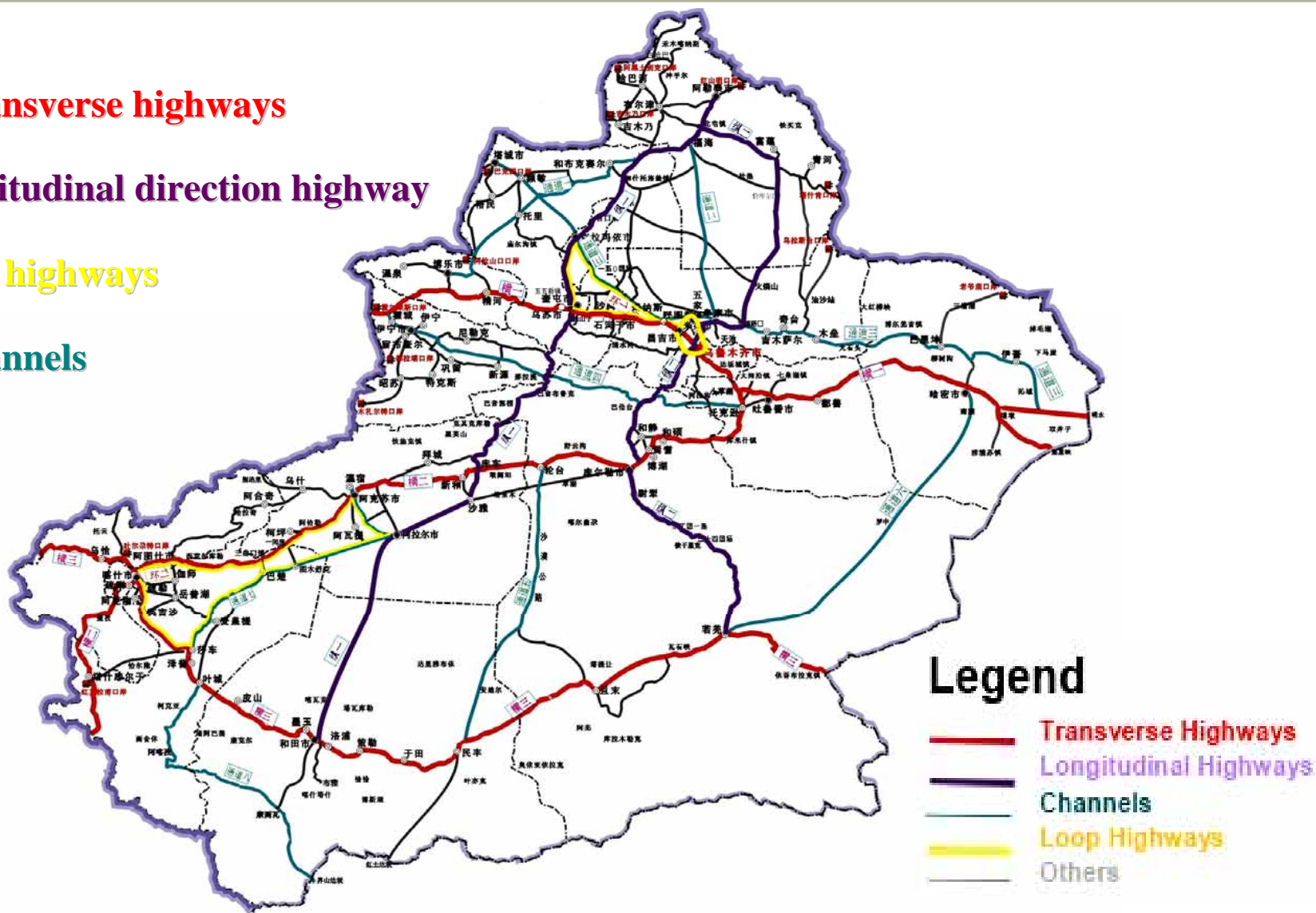
General allocation of highway network planning

Three transverse highways

Two longitudinal direction highway

Two loop highways

Eight channels



ROAD TRANSPORTATION FACILITIES

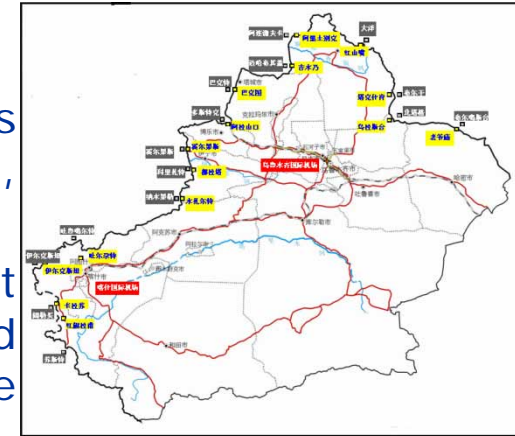


- Transport capability structure is not reasonable, most vehicles are normal lorries, special vehicles and specific-purpose trucks e.g. container trucks, wagon trucks, tank trucks etc are short;
- Roads transport facilities are old, the cost of the management and operating is high, the burden of the enterprise is heavy, lacking competitive ability against the other transport means.
- The investment for the revamping projects of the of national and provincial trunk highway networks is not sufficient;
- Because of the reasons such as funds, formalities for reviewing, approving and managing the land for road construction etc, the highway infrastructure construction is delayed;
- The road freight transportation station is small-scale, low grade, installations inside the station is seriously shortfall;
- Lacking professional well-found transport stations (for container).

DIAGNOSIS OF INFRASTRUCTURES

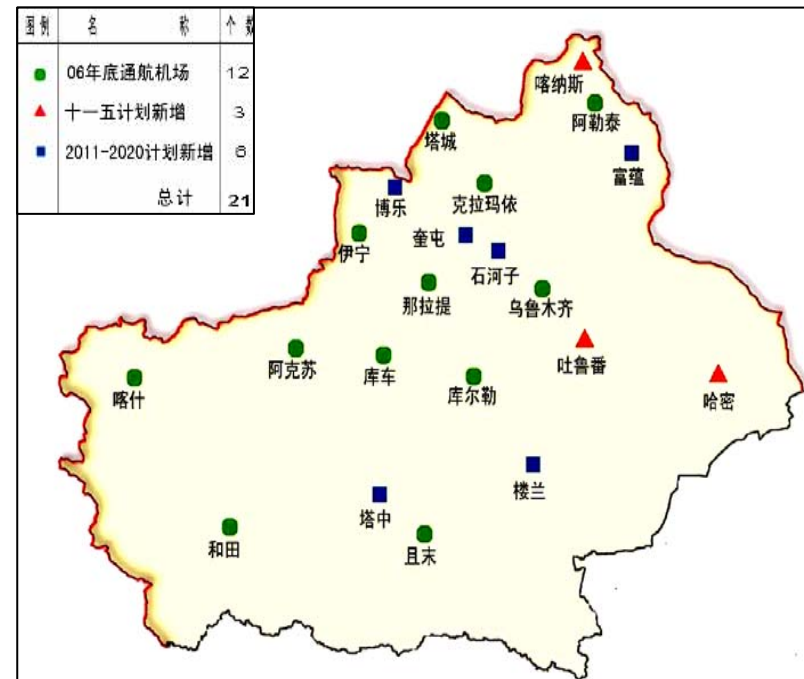
PORTS IN XINJIANG

- In the railroad port, the infrastructure facilities for reloading is poor, causing strong labor intensity but very low efficiency, the reloading abilities of the both parties do not match.
- The customs clearance passages in the highway port are not sufficient, and because of the reasons in management and deviations in both sides' cultures etc the customs clearance efficiency is lower.
- For some highway ports, the grade of the road in the port is lower than normal level.



AIRPORTS IN XJ

- Except one or two airports, generally facilities furnished in airports are not sufficient and the equipment are simple.
- Lacking facilities and equipment that can deal with the influence caused by the weather and environment, which impact the landing and take-off of the aircrafts.



FOUR KEY PORTS IN XINJIANG

Alataw Port

Horgas Port

Baktu Port

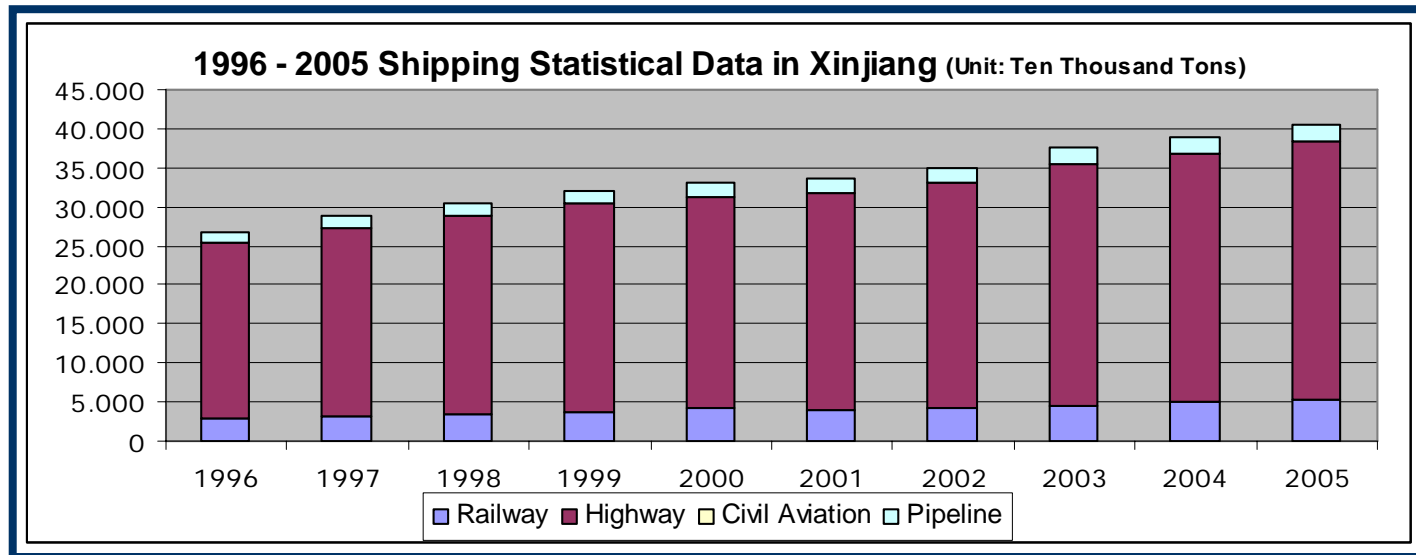
Turgolt Port



DEMAND ANALYSIS

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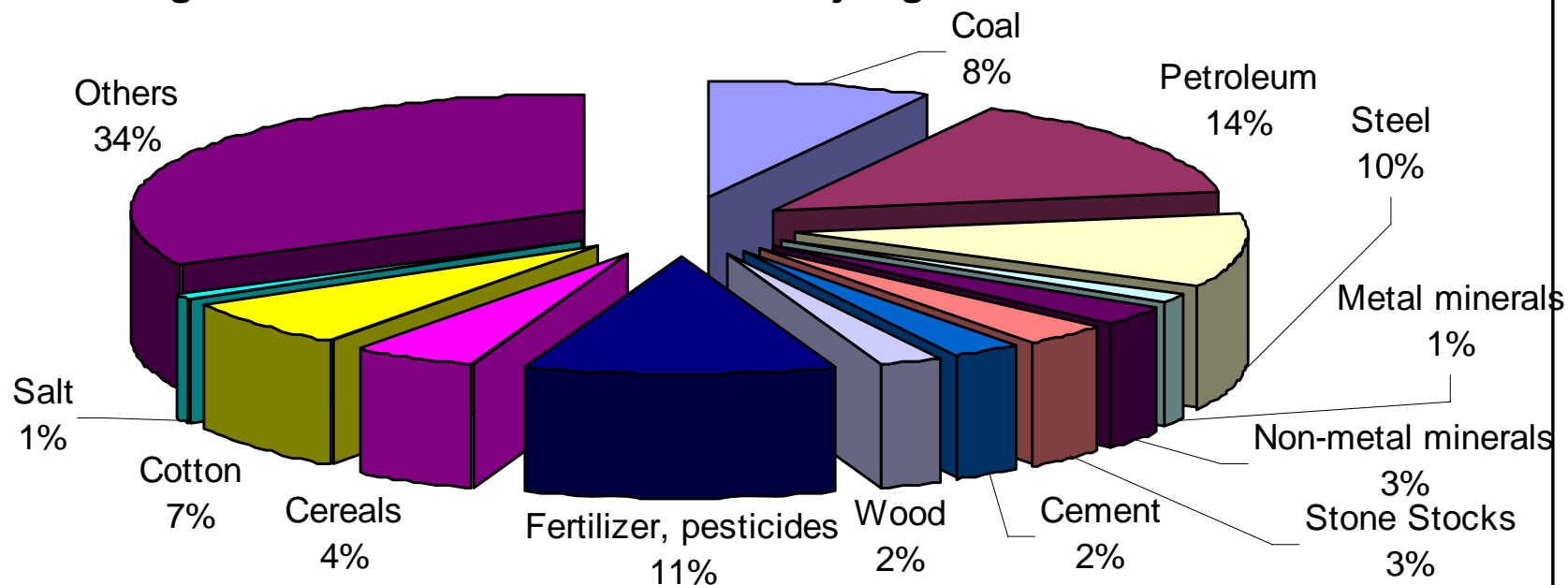
- China has not established the logistics system based on the logistics industry, consequently the existing statistical data cannot reflect effectively the logistics demand quantity.



DEMAND ANALYSIS

Statistics of freight volume of goods in Xinjiang

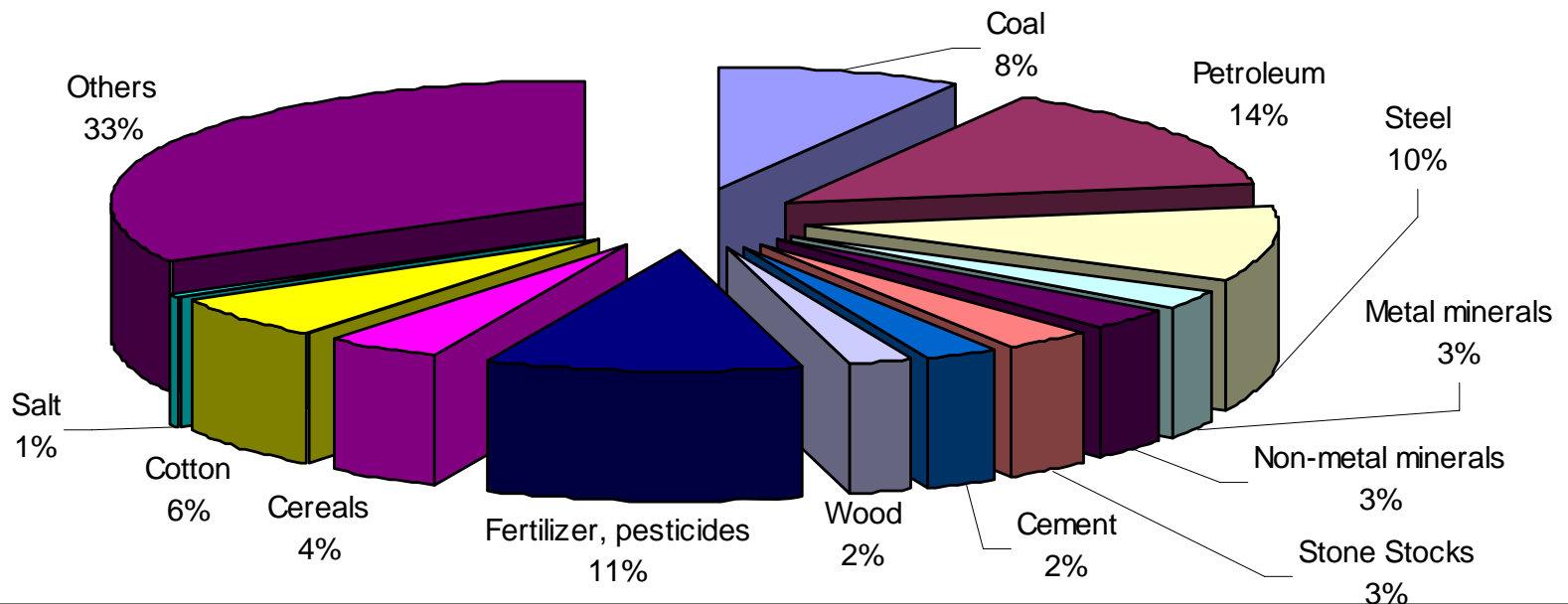
2005 - Freight Volume Local Goods Inside Xinjiang (Unit: Ten Thousand Tons)



DEMAND ANALYSIS

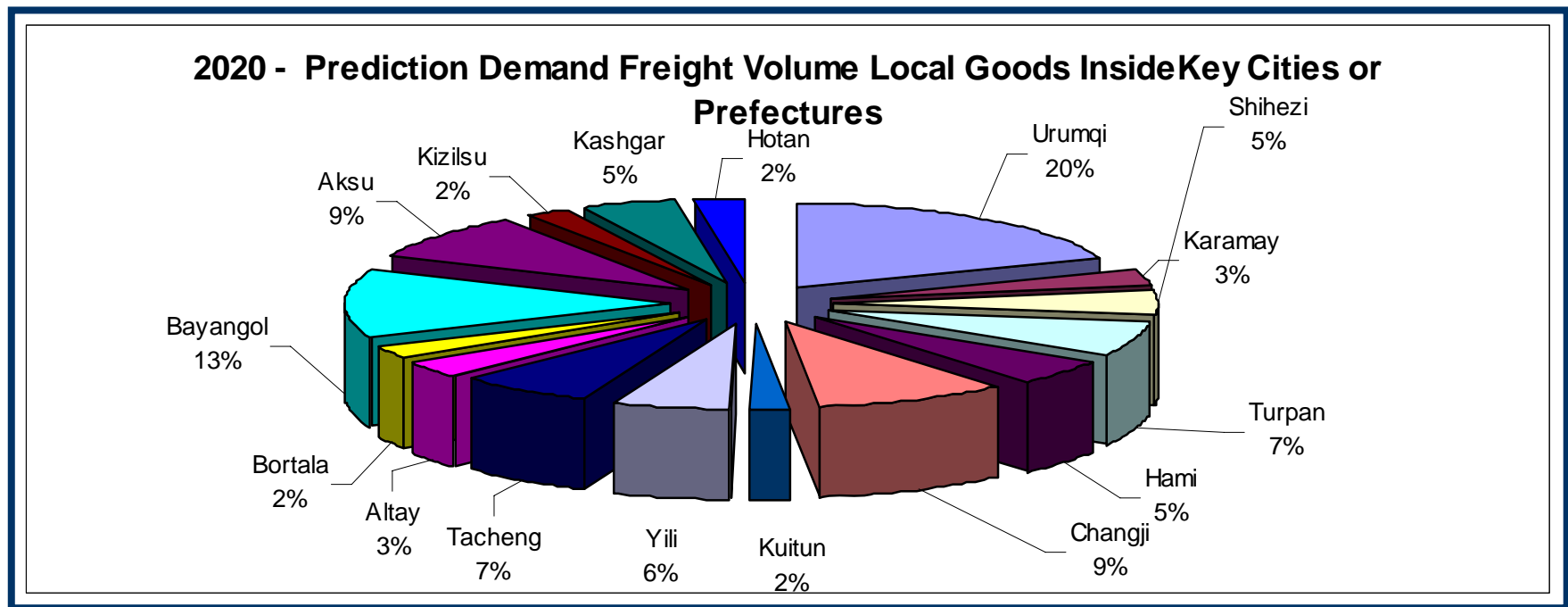
- With the rise of the people's living standard, the logistics of the consumer goods will gradually be enlarged.

2020 - Prediction Demand Freight Volume Local Goods in Xinjiang



PREDICTION OF DEMAND

- It is very essential to identify Urumqi as the logistics center of whole Xinjiang, and establish the logistics parks of railway, highway and airlines and logistics centers of steels, household electrical appliances, agricultural materials and agricultural and sideline products in Urumqi.



XINJIANG LOGISTIC MAP

LOGISTIC STRATEGY

This strategy aims towards the following general goals:

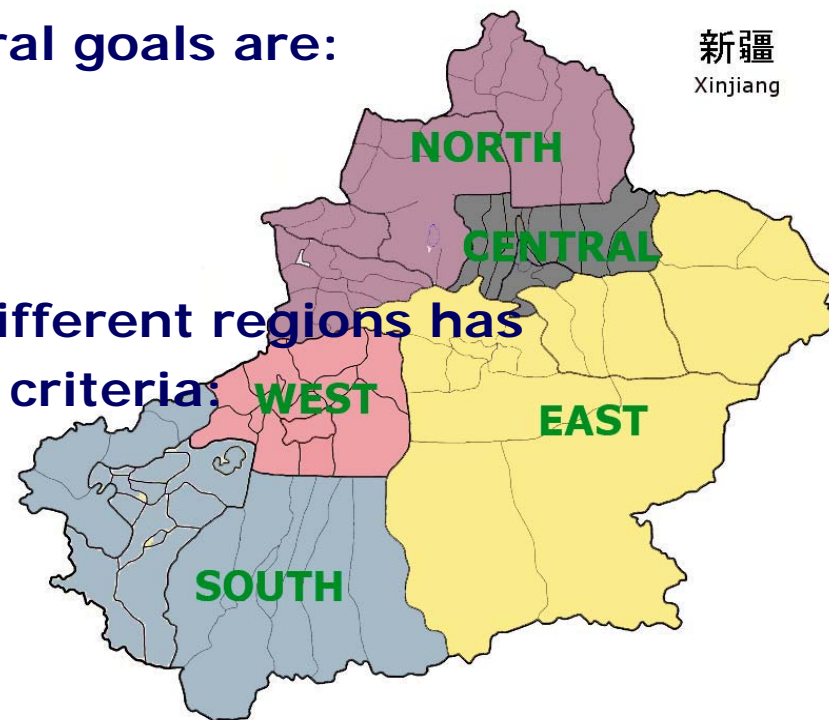
- ✓ Enhance regional economy
- ✓ Sustainable and Balanced Development

First steps in order to achieve this general goals are:

- ✓ Grouping of prefectures
- ✓ Identify main productive sectors

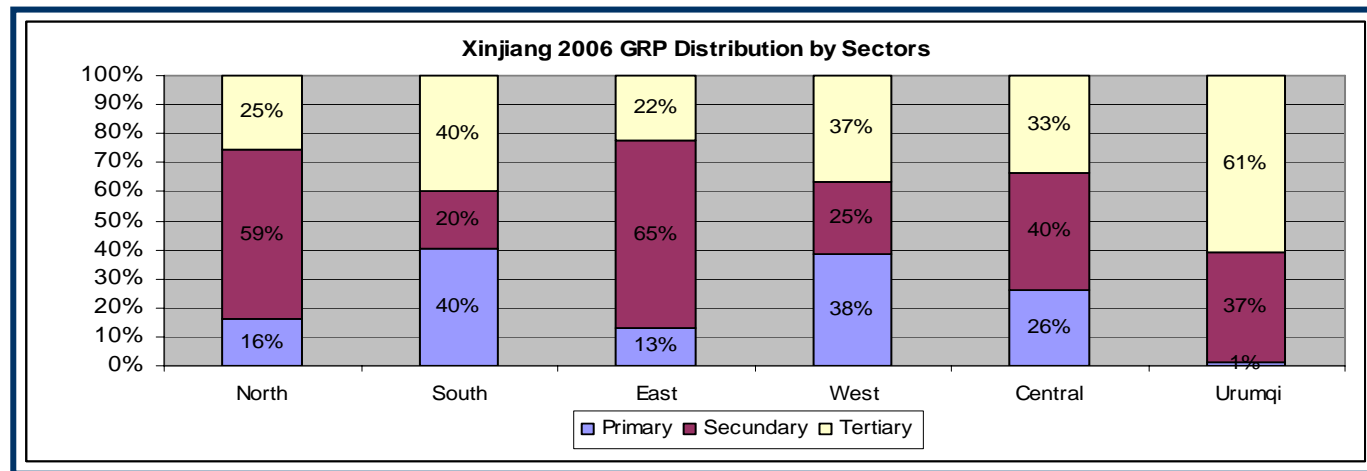
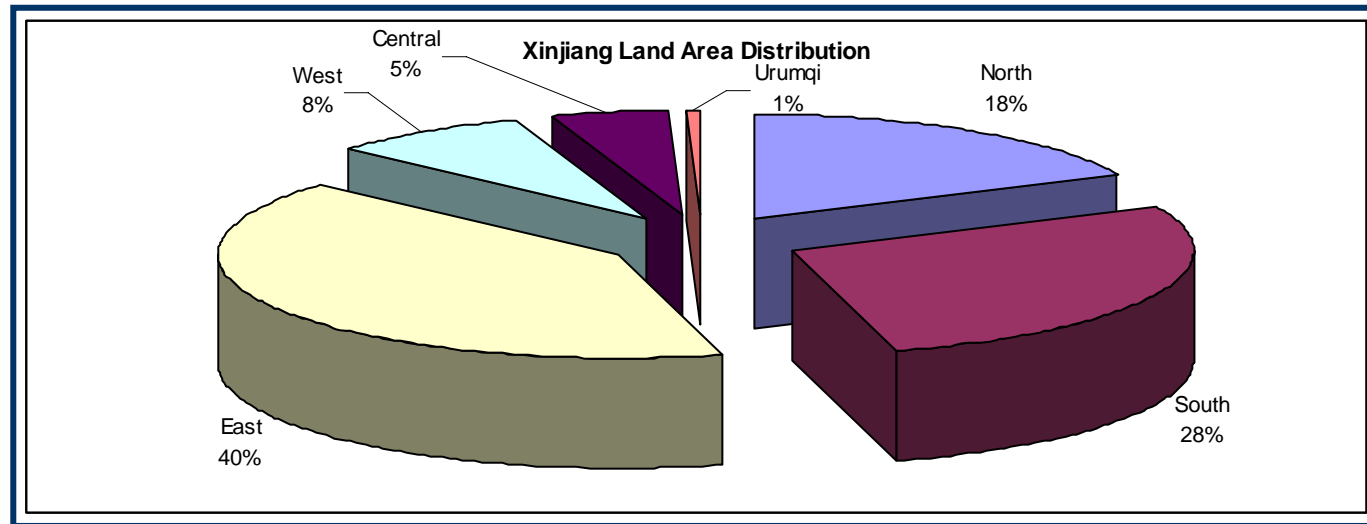
The grouping of the prefectures in the different regions has been made on the basis of the following criteria:

- Geographic proximity
- Similar economic structure
- Similar logistic requirements



LOGISTIC STRATEGY

CARACTERISTICS OF EACH GROUP:



- The major logistics infrastructures that exist, in many cases it is possible to select a combination of them in order to develop an infrastructure more suitable to regional needs.

1. **Distribution Centre**
2. **Transport Center**
3. **Controlled Temperature/Cold Logistics Center**
4. **Transportation and Cargo Consolidation Center (Logistics Platform)**
5. **Dry Port**
6. **Central Customs**

LOGISTICAL LOCATIONS PROPOSALS

General Parameters for all Platforms

Land Use Recommended	
Green Areas	10%
Streets	20%
Utilities Services	2%
Commercial Use	68%

Maximum Density Construction Recommended	
Office an Service Buildings	85%
Logistics Warehouses	60%
Free Areas (Storage Outdoor, Trucks Yard, Parking,...)	0%

	Distribution Center	Transport Center	Cold Logistics Center	Logistics Platform	Dry Port / Bulk Terminal	Customs Center	Cars Center
Recommended Size (Ha.)							
Infrastructures Level 1	100	200	100	100	350	70	300
Infrastructures Level 2	50	80	40	50	150	35	50
Infrastructures Level 3	30	30	20	30	60	10	25
Detailed Land Use Recomend							
Office an Service Buildings	15%	7%	15%	15%	5%	15%	5%
Logistics Warehouses	53%	10%	53%	53%	10%	53%	10%
Free Areas (Storage Outdoor, Trucks Yard, Parking,...)		51%			53%		53%
Green Areas	10%	10%	10%	10%	10%	10%	10%
Streets	20%	20%	20%	20%	20%	20%	20%
Utilities Services	2%	2%	2%	2%	2%	2%	2%

LOGISTICAL LOCATIONS PROPOSALS

The following is the summary of the logistics locations proposed for Xinjiang Uygur Autonomous Region:

● Level 1:

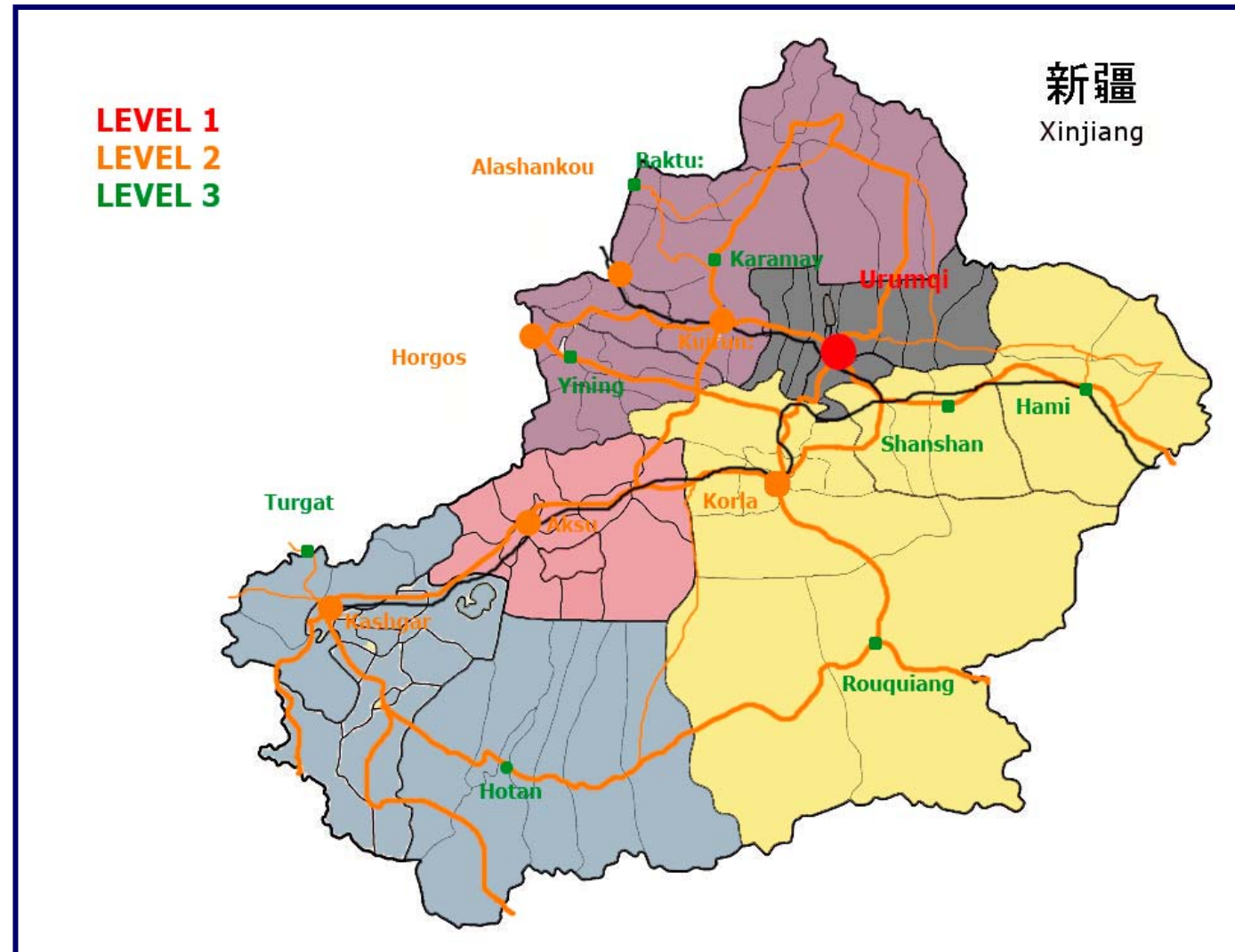
✗ Urumqi

● Level 2:

✗ Alataw
✗ Horgos
✗ Aksu
✗ Kuitun
✗ Korla
✗ Kashgar

● Level 3:

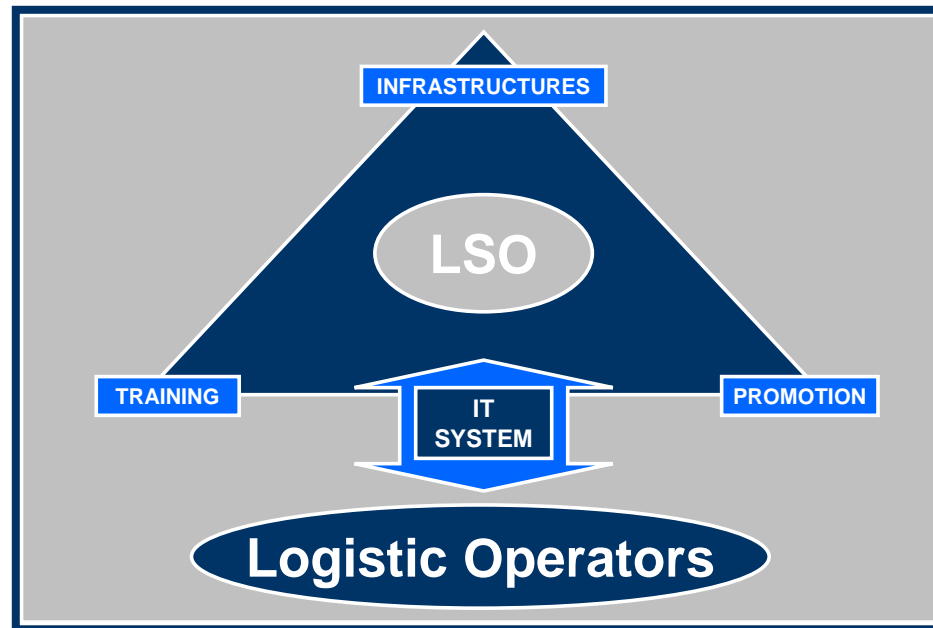
✗ Karamay
✗ Yining
✗ Shanshan
✗ Hami
✗ Rouquiang
✗ Hotan
✗ Baktu
✗ Turgat



LOGISTIC MANAGEMENT STRATEGY

LOGISTIC MANAGEMENT STRATEGY

- ➡ The Consulting Team, after a detailed analysis of the logistical characteristics of the region and its special features and requirements, propose the creation of a **Regional Logistic Support Office** responsible of the implement the necessary measures for:
 - Ensuring the success of the Regional Infrastructures Network.
 - Designing a complete Logistics Training Program.
 - Supporting the promotion of the Logistic Services / Infrastructures.



GOALS OF THE LOGISTIC SUPPORT OFFICE (LSO):

- Establish a regional plan of logistic development.
- Become the main engine of logistic development in the region.
- Contribute to the improvement of the quality levels on all logistic procedures in the region.
- Assure the communication flow among all the logistic agents in the region.

LSO KICK-OFF



Logistics' Training



PROMOTION AND MARKETING PLAN:

- Strategic Context:
 - Identification of the logistics needs of the influence area.
 - Definition of the products and services to provide at the logistics infrastructures.
- Business Plan: Organizational Strategy, Functional Design and Feasibility Plan.
- Commercialization Plan.

STRATEGIC CONTEXT

Analysis of the Plot Land

Detailed Demand Analysis

Potential Logistics Demand

Field Work

Identification of Services demanded by potentials customers

Detailed Supply Analysis

Supply Trends

Identify Competitors

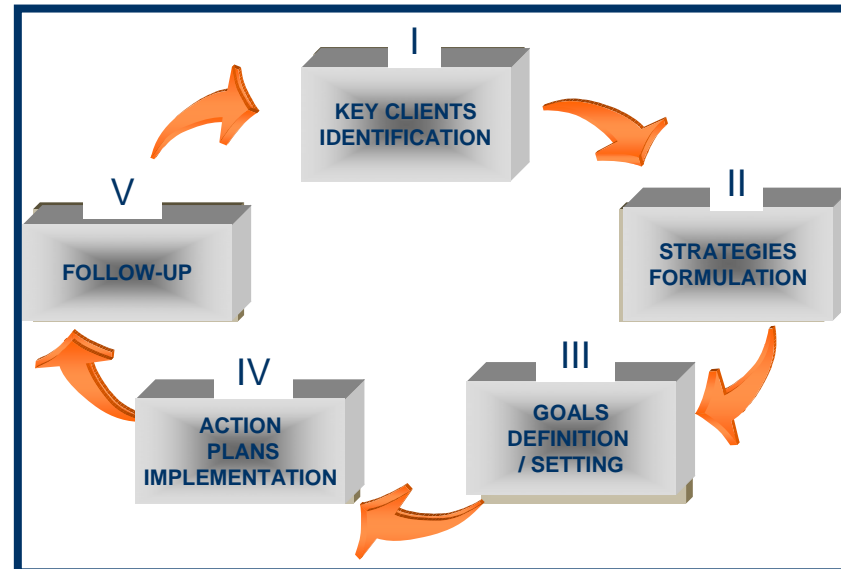
Services Offered by Competitors

Real Estate Sector

BUSINESS PLAN

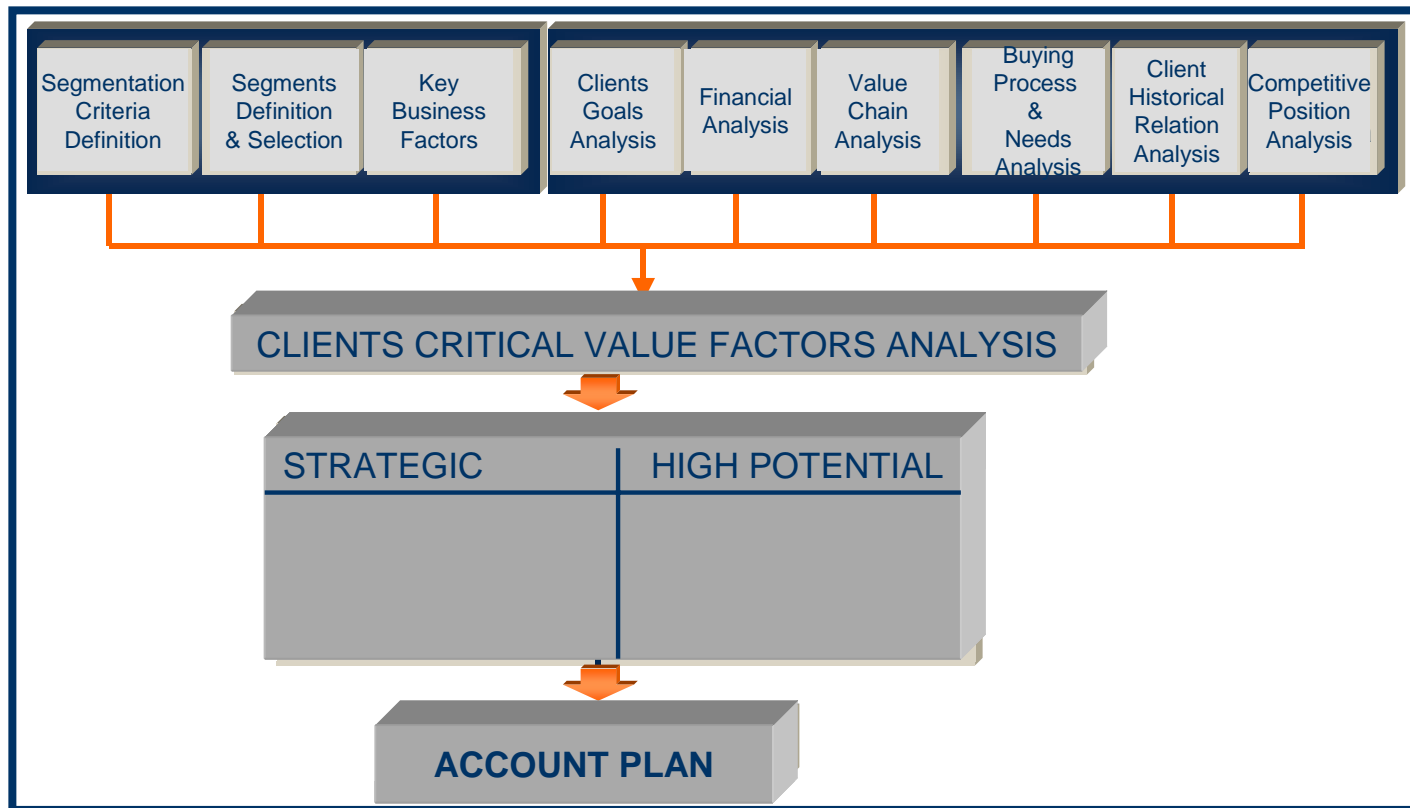
The Business Plan includes the following lines of action:

- Identification of target markets and sectors, type of business to be addressed to.
- Attraction and retention from the logistics operators as well as investors interested in developing the various infrastructures.
- Constant modernization and operational innovation, a key element to offer competitive services in technology, operations and quality to the customers of the Logistics Infrastructure.
- Creating the proper channels of communication among customers, existing or potential, and the infrastructure operators in order to accommodate to their needs and to achieve a high level of satisfaction.
- Logistic and Intermodal development in order to configure each of the platforms as a centre of concentration, distribution and value-added services to the cargo, integrated into the international supply chains.



IMPLEMENTATION

MONITORING AND COVERAGE OF THE NEEDS



COMMERCIALIZATION

- ➡ **The principal channels to promote the Logistics Infrastructure are:**
 - Presentation to the clients defined in the Marketing Plan.
 - Visits to investors worldwide.
 - Specialized Web Pages and an own Web Page.
 - Participate in international fairs related to the world logistic sector: Shanghai, Köln, Barcelona.
 - Conferences at investment forums related to infrastructures.



THANK YOU